



July 18, 2005

TO: MEMBERS OF THE JOINT COMMITTEE ON GOVERNMENT OVERSIGHT

FROM: Mark Johnson, Legislative Liaison

RE: Master Agreements

The purpose of this memorandum is to address several issues raised regarding master agreements.

1. What changes can we make to more closely follow the Model Procurement Code (MPC), and are we currently consistent with any provisions of the MPC?

The Code of Iowa requires the Director of the Department of Administrative Services to adopt rules establishing competitive bidding procedures. (See 11 IAC 105-107). Prior to amending our purchasing rules to be more consistent with the MPC, an evaluation must be made to determine which provisions of the MPC are appropriate to incorporate into our rules, as well as a determination of whether any statutory changes are necessary to authorize DAS to amend the purchasing rules. If such authority does exist and appropriate rule changes are identified, such changes could be incorporated into our administrative rules.. However, this would not accomplish the primary goal of the MPC – to codify the state's procurement code into a single location that clearly defines how procurement is to be conducted by all of Iowa's governmental entities. Codification of the state's procurement code in a single location would make public procurement processes more predictable and more accessible to potential suppliers, produce greater competition through wider distribution of procurement needs, and substantially lower the average cost of procurement transactions to both government and private sector suppliers.

Currently, our rules relating to the procurement of architectural and engineering services are consistent with the MPC. These rules were adopted because of concerns expressed by the architectural and engineering community regarding the way their services were being acquired.

2. How are local governments using the state's master agreements? Do we have any data on this?

DAS has collected limited data related to the use of state master agreements by public entities. An electronic summary of purchases made from four separate vendors pursuant to master agreements entered into by the Department pursuant to its participation in WSCA (Western States Contracting Alliance) is being provided to the Committee. This data represents sales for the first quarter of calendar year 2005.

The issues of procurement procedures and the use of master agreements have been the subject of much discussion during the last couple years. Several proposals have been filed for consideration by the General Assembly that would have directly impacted our procedures as well as the purchasing procedures of other state entities. DAS continues to support an overall review of state purchasing procedures that would draw upon the expertise of all affected stakeholders and include a review of the Model Procurement Code. This type of approach has proven to be beneficial in other states, but has taken significant time to accomplish (up to 2 years). DAS still believes that this is the correct approach to address the procurement issue and encourages the General Assembly to move forward in this direction.

Thank you for your time and consideration.